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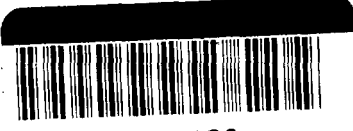
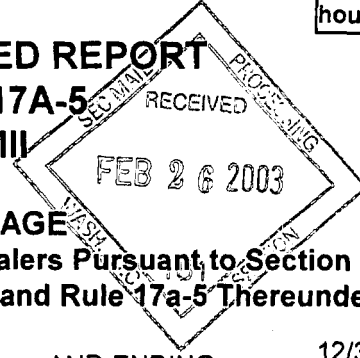
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

** APR 3/3/2003

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**



03011120

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

INVESCO Services, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1315 Peachtree Street, Suite 200

OFFICIAL USE ONLY
<hr/> FIRM ID. NO. <hr/>

Atlanta

(No. and Street)
Georgia

30309

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Paul Ribes

404-898-1890

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - of individual, state last, first, middle name)

600 Peachtree Street, Suite 2800

Atlanta

Georgia

30308

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 12 2003

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

83-11

OATH OR AFFIRMATION

I, Paul Ribes, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of INVESCO Services, Inc., as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Cynthia Pesken
Notary Public



[Signature]
Signature
CF
Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
INVESCO Services, Inc.
Year ended December 31, 2002
with Report and Supplementary Report of Independent Auditors

INVESCO Services, Inc.

Audited Financial Statements
and Supplemental Information

For the year ended December 31, 2002

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Report of Independent Auditors

Board of Directors
INVESCO Services, Inc.

We have audited the accompanying statement of financial condition of INVESCO Services, Inc. (the "Company") as of December 31, 2002, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INVESCO Services, Inc. at December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information contained in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

February 3, 2003

INVESCO Services, Inc.

Statement of Financial Condition

December 31, 2002

Assets

Cash and cash equivalents	\$669,221
Commissions receivable	27,080
Receivable from affiliates	73,323
Total assets	<u>\$769,624</u>

Liabilities and stockholder's equity

Income taxes payable	<u>\$ 99,485</u>
Total liabilities	99,485

Stockholder's equity:

Common stock, \$1 par value; 5,000,000 shares authorized, 21,426 shares issued and outstanding	21,426
Additional paid-in capital	638,500
Accumulated earnings	<u>10,213</u>
Total stockholder's equity	<u>670,139</u>
Total liabilities and stockholder's equity	<u>\$769,624</u>

See accompanying notes.

INVESCO Services, Inc.

Statement of Operations

Year ended December 31, 2002

Revenues:

Interest and other income

\$ 7,120

Commissions revenue

468,237

Total revenues

475,357

Commissions expense

(88,197)

Income before income taxes

387,160

Income tax expense

143,705

Net income

\$243,455

See accompanying notes.

INVESCO Services, Inc.

Statement of Changes in Stockholder's Equity

	Common Stock	Additional Paid-in Capital	Accumulated Profit (Deficit)	Total
Balance at December 31, 2001	\$21,426	\$638,500	\$(233,242)	\$426,684
Net income	-	-	243,455	243,455
Balance at December 31, 2002	\$21,426	\$638,500	\$ 10,213	\$670,139

See accompanying notes.

INVESCO Services, Inc.

Statement of Cash Flows

Year ended December 31, 2002

Cash flows from operating activities

Net income	\$243,455
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Receivable from affiliates	(73,323)
Commissions receivable	(3,652)
Prepaid expenses and other assets	93,133
Accrued expenses	(13,370)
Payable to affiliates	(10,824)
Income taxes payable	38,176
Total adjustments	30,140
Net cash provided by operating activities	273,595
Net increase in cash and cash equivalents	273,595
Cash and cash equivalents, beginning of year	395,626
Cash and cash equivalents, end of year	\$669,221
Supplemental disclosure of cash flow information	
Federal income taxes paid affiliates	\$ 99,434
State income taxes paid	\$ 6,665

See accompanying notes.

INVESCO Services, Inc.

Notes to Financial Statements

December 31, 2002

1. Organization

During a majority of year 2001, INVESCO Services, Inc. (the "Company") was a registered broker-dealer operation used solely for the distribution of securities of investment companies. In September 2001, the Company received approval from the National Association of Securities Dealers ("NASD") to engage in transactions of additional products and services including equity securities.

In November 2001, the Company entered into an agreement with US Clearing ("USC"), a division of Fleet Securities, Inc., for clearing services on a fully disclosed basis for accounts introduced by the Company. USC services include access to securities of investment companies, individual equities, and fixed income products.

On September 5, 2002, the Company received approval from the NASD to act as a clearing broker with respect to transactions in investment companies initiated by plan fiduciaries serviced by the company's parent, INVESCO Retirement, Inc. (the "Parent") only. Such transactions were not effected until January 27, 2003 and began on a limited basis at that time.

The Company is a subsidiary of the Parent, and the Parent's ultimate U.S. parent is AVZ, Inc. ("AVZ"), which is ultimately wholly owned by AMVESCAP, PLC ("PLC").

2. Summary of Significant Accounting Principles

General

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVESCO Services, Inc.

Notes to Financial Statements (continued)

2. Significant Accounting Principles (continued)

Cash and Cash Equivalents

The Company considers shares of mutual funds which invest primarily in highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. The Company owns money market mutual fund shares managed by an affiliate in the amount of \$338,921 at December 31, 2002.

Revenue and Expense Recognition

The Company recognizes commission's revenue on a trade date basis as securities transactions occur. USC is contracted for assistance in administration of the trades and the cost of such service is reflected as an expense in the accompanying statements of operations.

Income Taxes

AVZ and its subsidiaries file a consolidated federal income tax return. Each North American subsidiary is charged or credited by AVZ with an amount equivalent to the federal income tax expense or benefit as computed on a separate-return basis. The Company files a separate return for state income tax purposes. Amounts due to AVZ for federal income taxes are included in income taxes payable in the accompanying statement of financial condition.

The Company uses the asset and liability method of accounting for income taxes. Using this method, deferred taxes are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates currently in effect. Deferred tax expense represents the change in the net deferred tax liability.

INVESCO Services, Inc.

Notes to Financial Statements (continued)

3. Income taxes

Income tax expense for the year ended December 31, 2002 consists of the following:

Current:	
Federal	\$131,091
State	12,614
	<u>143,705</u>
Deferred:	
Federal	-
State	-
	<u>-</u>
Total	<u>\$143,705</u>

The total provision for income taxes is more than the amount computed by applying the statutory federal income tax rate of 35% to income before taxes due to state income taxes.

The Company has no deferred tax assets or liabilities at December 31, 2002.

INVESCO Services, Inc.

Notes to Financial Statements (continued)

4. Related-Party Transactions

The Company and its affiliates incur certain expenses on behalf of each other. At December 31, 2002, the Company had a receivable from affiliates of \$73,323. This amount is non-interest bearing and due upon demand.

In 2002, the Company incurred \$184,559 in costs related to licensing fees and other operating expenses. Pursuant to a management agreement, affiliate companies paid \$184,559 of these costs in 2002.

5. Net Capital and Reserve Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This regulation requires both the maintenance of a minimum level of net capital as well as a ratio of aggregate indebtedness to net capital, both as defined. At December 31, 2002, the Company had net capital, as defined, of \$567,238, which was \$317,238 in excess of its required minimum net capital of \$250,000. The Company's ratio of aggregate indebtedness to net capital was 18% at December 31, 2002.

For the year 2002, the Company was exempt from the provisions of the Securities and Exchange Commission's Rule 15c3-3 under paragraphs (k)(2)(ii). The Company did not hold customer cash or securities, cleared all transactions with and for customers on a fully disclosed basis with a clearing broker and dealer, and transmitted all customer funds and securities to the clearing broker which carries all of the accounts for such customers. The Company does not have balances which would be included in the reserve computation. In the opinion of management, the Company has complied with the exemptive provisions of Rule 15c3-3 throughout the year ended December 31, 2002.

Supplemental Information

INVESCO Services, Inc.

Schedule I
Computation of Net Capital and Aggregate Indebtedness
Pursuant to Rule 15c3-1 of the Securities and Exchange Commission

December 31, 2002

Stockholder's equity	\$670,139
Deduct non-allowable assets	73,323
Other deductions – Fidelity Bond	<u>20,000</u>
Net capital, before haircuts on securities positions	576,816
Haircuts	<u>9,578</u>
Net capital	567,238
Minimum net capital required	<u>250,000</u>
Net capital in excess of minimum requirement	<u>\$317,238</u>
Aggregate indebtedness	
Income taxes payable	<u>\$ 99,485</u>
Ratio of aggregate indebtedness to net capital	<u>18%</u>

INVESCO Services, Inc.

Schedule II
Statement Pursuant to SEC Rule 17a-5(d)(4)

December 31, 2002

There were no differences between the computation of net capital under Rule 15c3-1 included in this audited report and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing as of December 31, 2002.

INVESCO Services, Inc.

Schedule III
Statement Regarding SEC Rule 15c3-3

December 31, 2002

Exemptive Provisions

The Company claims exemption from the requirements of Rule 15c3-3 under Section (k)(2)(ii) of the Rule.

Independent Auditors' Supplementary Report on Internal Control

Board of Directors
INVESCO Services, Inc.

In planning and performing our audit of the financial statements of INVESCO Services, Inc. (the "Company") for the year ended December 31, 2002, we considered its internal control, including control activities for safeguarding securities, to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the criteria stated in Rule 17a-5(g) in making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and for determining compliance with exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons,
2. Recordation of the differences required by Rule 17a-13, and
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned criteria. Two of the criteria of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that

transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not meet such criteria in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the New York Stock Exchange, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

February 3, 2003